

From: David Headberry
Sent: Thursday, 22 January 2015 2:31 PM
To: Korte, Rainer (ENet)
Cc: Appleby, Simon (ENet)
Subject: RE: Network Capability Proposals Consultation

Rainer

Thanks for the invitation to hear what ElectraNet is planning for its NCIPAP program. I am not sure that I will be able to attend in person but if possible I would like to attend via phone – is that possible?

I have been involved in the development of the NCIPAP program since its inception and I think there are some serious shortcomings about the details of the scheme which I have taken up with the AER even though I support the concept in principle.

I have a number of questions about your proposal that I think that need to be clarified before you might get consumer support.

1. The technical reasons why lifting the spans will allow higher current flows
2. Why ElectraNet has waited until now to propose these projects when they might have been done under normal capex/opex allowances especially when there have been under-runs against the allowances in the past
3. Why they were not done by ElectraNet when ElectraNet could get a reward for reducing congestion under the Market Impact Component of the AER reward scheme for improved performance.
4. Although the NCIPAP scheme is capped at 1% of ElectraNet's allowed revenue, what will be the cost for each of the different elements of the projects proposed. This is because you have quoted a range of 3:1 to 12:1 as the benefit to cost for the span lifting
5. While you quote that the payback period will range from 7/8 months to 2.5 years it is important that the basis of the benefit is clearly explained and how the benefit is costed. One of the big issues for me is that the main driver would appear to be a reduction in the frequency and length of times when congestion causes the spot price to increase and so to understand how you have assessed this is an important aspect for consumers.
6. As consumers supported the augmentation of the Heywood interconnector and this project is now proceeding, will the benefits from the NCIPAP project reduce when the augmentation is completed? This is important as the payback could be as long as 2.5 years which is about when the Heywood project might be near completion terminating any further benefit

I hope this helps with the process.

Regards

David
Public Officer
Major Energy Users, Inc